

233 South Wacker Drive Suite 800, Sears Tower Chicago, IL 60606

312-454-0400 (voice) 312-454-0411 (fax) www.cmap.illinois.gov

## **MEMORANDUM**

**To:** Transportation Committee

Date: November 5, 2008

From: Matt Maloney, Senior Manager, Program and Policy Development

**Re:** Financial Plan for GO TO 2040

In *GO TO 2040*, CMAP intends to present a future scenario that makes optimum use of public and private resources. Thus, CMAP must evaluate and understand the fiscal capacity of the Chicago metropolitan area when proposing strategies and investments. In particular, CMAP's recommendations must itemize the net costs of particular strategies and identify which institutions, both public and private, should provide them. CMAP intends the *GO TO 2040* Financial Plan to fulfill these objectives.

## Approach and Timeframe

The major tasks of the Financial Plan are as follows:

- 1. Assess the region's existing public finance, including revenues, expenditures, as well as a relevant policy issues pertaining to them;
- 2. Assess the financial implications of major *GO TO 2040* strategies including potential budgetary outlays, direct revenues, and fiscal impacts on relevant units of government;
- 3. Develop strategies for financing the plan's recommendations.

The financial plan will be developed in FY 2009 but not finalized until FY 2010. A number of CMAP staff are currently involved with this project; furthermore, the CMAP Board has approved a contract with S.B. Friedman & Company to assist with a number of work items. S.B. Friedman will perform some of the more challenging quantitative analyses related to the potential direct costs and revenues to units of government as a result of particular strategy implementation.

## Assessment of Financial Implications of GO TO 2040 Strategies

Staff resources are currently focused primarily on task 2, assessing the fiscal implications of major *GO TO 2040* strategies across CMAP's regional focus areas. This task is directly aligned and coordinated with the Plan's overall scenario evaluation process. The purpose is to assess the fiscal impact of providing these strategies through analyses of direct expenditures and revenues associated with their potential implementation. Staff will analyze expenditures and revenues related both to potential budgetary outlays by units of government as well as the private sector.

It is worth noting that the *economic* impacts of the plan's scenarios will be quantified primarily through economic modeling performed by the University of Illinois at Urbana Champaign's Regional Economic Applications Laboratory (REAL). Forecasted economic impacts will include regional productivity (GRP), population, and employment for a variety of sectors of the economy. In comparison, the scope of the financial plan is primarily "fiscal" in nature and relates more closely to the potential public finance impacts to various units of government.

## **Transportation Unit Costs**

As part of task 2, staff is currently compiling information on recent or near term programmed transportation facility improvements and major maintenance items on a "per mile" or "per unit" basis. Items include: arterial road and expressway extensions, reconstruction, add lanes, resurfacing, new and rehabilitated interchanges, intersection improvements, bridge repair and replacement, HOV lanes, bus rapid transit projects, heavy rail and transit rehabilitation and expansions, new stations and station rehabs, freight improvements and dedicated freight facilities, bicycle and pedestrian facilities, grade separations, managed lanes and ITS elements.

Developing planning level estimates of both the unit costs and current expenditures requires a fair degree of judgment and assumption. While it is not necessary, nor practical, to consider every project distinction to get a reasonably accurate overall snapshot, it is important for our regional stakeholders to be comfortable with our cost assumptions. To this end, we request the further assistance of a smaller sub-group of willing member agencies on the Transportation Committee to review and assess staff assumptions on these items.

**ACTION REQUESTED: Discussion**